

Message Text

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ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: FEBRUARY 6 EA PRESS SUMMARY

1. VIETNAM

SRV RECALLED ITS AMB TO UN 2/5, GIVING IN TO US EXPULSION ORDER BUT REJECTING US CHARGES THAT HE IS SPY. ACCORDING VN NEWS AGENCY, AMB DINH BA THI WAS ORDERED HOME BECAUSE USG "WAS HINDERING THE ACTIVITIES OF THE VIETNAMESE CHIEF" (UPI, NYDN; AP, SUN; WP'S DUIGUID). NYT'S TELTSCH UNCLASSIFIED

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(ACCOMPANIED BY PHOTO THI) REPORTS ORDER FOR EXPULSION INTERRUPTED THI INTERVIEW DURING WHICH HE WAS SAYING HE WOULD CONTINUE DEFY EXPULSION ORDER. SAYS THI SEEMED INDIGNANT, TAPPING 15-PG GRAND JURY INDICTMENT/REPEATEDLY DEMANDING KNOW BASIS OF US ACCUSATIONS. INDICTMENT PAPERS REPORTEDLY ONLY MENTION THI'S NAME ONCE IN CONNECTION W/ VISIT BY TRUONG DINH HUNG TO MISSION IN DECEMBER--VISIT THI HAS ACKNOWLEDGED.

DIPLO NOTE DELIVERED VIET MISSION IN NYC FRI, WHICH ASKED

THI LEAVE US, REPRESENTED 1ST TIME AMB TO UN DECLARED PERSONA NON GRATA BY US. ACCORDING DOS SPOKESMAN, ALSO 1ST TIME AMB HAS BEEN NAMED UNINDICTED CO-CONSPIRATOR IN ESPIONAGE CASE. SAID EXPULSION ORDERED ON GROUNDS THI "ABUSED

HIS PRIVILEGES OF RESIDENCE" UNDER '47 AGREEMENT COVERING UN ACTIVITIES IN NY. SRV CALL'D US CHARGES "FABRICATION AND SLANDER," INITIALLY SAYING THI WOULD REMAIN AT HIS POST/CALLING ON OTHER UN MEMBERS SUPPORT HANOI'S "CORRECT STAND" (REUTER'S GUTMAN 2/3; SUN; NYT SPEC; AP'S OATIS, WSTAR W/PHOTO THI; WP'S GOSHKO, ALL 2/4). IN NBC INTERVIEW, THI SAID EXPULSION WOULD ADVERSELY AFFECT US PRESTIGE AT UN "WHERE MANY COUNTRIES SUPPORT US" (WP; ALSO REUTER, NYT W/PHOTO THI, ALL 2/5).

CSM'S SOUTHERLAND QUOTES DOS OFFICIALS THAT US DECISION EXPEL THI "CERTAIN TO CAUSE A SEVERE SETBACK" TO EFFORTS

NORMALIZE RELS W/VIETS. WP'S GOSHKO SAID INCIDENT THREATENED CLASH W/"POTENTIALLY SERIOUS CONSEQUENCES" FOR "ALREADY AGONIZING" MOVEMENT TOWARD NORMALIZATION. AP'S OATIS (WSTAR) QUOTES VIET SPOKESMAN THAT US ACTION "DETRIMENTAL" TO NORMALIZATION RELS, THAT US DEMANDS FOR UNCLASSIFIED

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THI'S OUSTER "TOTALLY UNACCEPTABLE." WP'S DIUGUID AND REUTER (NYT), HOWEVER, QUOTE DOS SPOKESMAN SHAPIRO THAT US HOPES THIS WILL NOT BE SETBACK TO NORMALIZATION TALKS.

2. PHILIPPINES

NYT'S BURT REPORTS CARTER ADMIN PLANS MAINTAIN EXISTING LEVELS MIL AID TO PHILS NEXT YR DESPITE DOS REPORT ACCUSING MARCOS GOVT OF TORTURE/"SEVERE INTRUSIONS ON INDIVIDUAL RIGHTS." ACCORDING GOVT OFFICIALS, ADMIN SEEKS 36.6 MIL DOLS IN ARMS AID/CREDITS FOR PHILS--SAME AMT APPROVED LAST YR. OFFICIALS ESTIMATE FIGURE COULD RISE OVER 100 MIL DOLS IN LONG-TERM MIL ASSISTANCE IF ADMIN SUCCEEDS THIS YR IN CONCLUDING NEW BASE-RIGHTS AGREEMENT.

PHILS MAIN OPPOSITION LIBERAL PARTY PLANS BOYCOTT 4/, GENERAL ELECTIONS UNLESS MARCOS SCRAPS BLOC VOTING, IN WHI4H VOTERS MAKE 1 MARK FOR ENTIRE SLATE CANDIDATES (REUTER, WP 2/4).

WP (2/4) REPORTS MARCOS HAS SIGNED CONTRACT W/DOREMUS AND CO--US PR FIRM. PHIL CONSUL GENRL IN NY DECLIN'D COMMENT ABOUT AGREEMENT, ;ETAILS OF WHICH FILED W/DOJ 1/24. ASK'D WHY PHILS HAD HIRED PR ADVISOR, SPOKESMAN SAID, "I GUESS EVERYBODY NEEDS ONE, ESPECIALLY MISUNDERSTOOD COUNTRIES."

3. JAPAN

TOKYO'S NEW INTL AIRPORT, DUE TO OPEN NEXT MONTH, BECAME BATTLEGROUND MONDAY NIGHT AS 800 JAPANESE RIOT POLICE TRIED DISLODGE ABOUT 30 DIE-HARD LEFT-WING DEMONSTRATORS FROM CONCRETE STRUCTUR" ERECTED NEAR RUNWAY (REUTER NARITA).

NYT'S MALCOLM (TOKYO 2/4) REPORTS TOKYO ON BRINK OF BANKRUPTCY /FINANCIAL TAKEOVER BY CENTRAL GOVT. STATES UNCLASSIFIED

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CITY/GOJ OFFICIALS HAVE OPENED TALKS ON NECESSARY SPENDING CUTBACKS/PROPOSALS FOR NEW BOND ISSUES TO HELP COVER CITY' 979-MIL-DOL DEFICIT. GOJ TAKEOVER TOKYO GOVT SEEN INITIATING FIERCE POL STRUGGLE IN CAPITAL, AS TOKYO GOV-MAYOR IS OPPOSITION MEMBER/SOCIALIST-SUPPORTED INDEPENDENT IN RECENT DAYS, TOKYO OFFICIALS HAVE MET W/GOJ AUTHORITIES - INCL FUKUDA--IN EFFORT GAIN PERMISSION ISSUE ADDITIONAL BONDS TO COVER CITY DEFICIT--PLEAS WHICH GOJ HAS SO FAR REFUSED.

JAPAN'S 8 MAJOR STEEL MFRS HAVE CONTRACTED PURCHASE 11.1 MIL TONS IRON ORE FROM INDIA IN FY '78 (UPI, JOC).

NISSAN MOTORS TO COOPERATE W/GREEK INTERESTS IN SETTING UP CAR ASSEMBLY PLANT IN VOLOS, E GREECE. PROJECT WILL RUN SOME 11 MIL DOLS, W/NISSAN PLANNING ASSEMBLE 2,000 CARS/YR; NO FURTHER DETAILS GIVEN (JOC, ATHENS).

4. JAPAN/CHINA

HITACHI TO SELL PRC 3 LARGE, LATE-MODEL COMPUTERS NEXT MONTH--BUT AT US INSISTENCE THEY BE ALTERED PREVENT USE FOR MIL PURPOSES. QUOTING INFORMED SOURCES, ASAHI SHIMBUN SAID HITACHI ALSO AGREED TO USG DEMAND THAT COMPUTERS' MEMORY CAPACITIES BE REDUCED. EVENT MARKS JAPAN'S 1ST COMPUTER SALE TO PRC (WSTAR 2/3).

JAPANESE BUSINESS LEADERS EXPECTED CONCLUDE SOON LONG-TERM AGREEMENT W/PRC INVOLVING OVER ,0 BIL DOLS TRADE IN NEXT 8 YRS. KEIDENREN PRES DOKO/NIPPON STEEL CHRMN PLAN VISIT PEKING THIS MONTH TO SIGN ACCORD. MEANWHILE, FUKUDA SEEN BACKING OFF FROM EARLIER INDICATIONS THAT LONG-PENDING JAPAN/CHINA PEACE/FRIENDSHIP TREATY WOULD BE SIGNED EARLY UNCLASSIFIED

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THIS YR. IN RECENT POLICY SPEECH TO DIET, PM SAID SIMPLY TIME FOR PURSUING NEGOTS "WOULD SEEM TO BE GRADUALLY GETTING RIPE" (KANABAYSHI, WSJ).

5. CHINA

TENG HSIAO-PING RETURNED TO PEKING 2/6 AFTER 4-DAY NEPAL VISIT, NCNA REPROTED; SAID VICE-PREMIER MET AT AIR-PORT BY GROUP OF TOP OFFICIALS (REUTER HK).

DURING NEPAL VISIT, TENG URGED THIRD WORLD COUNTRIES FORM UNITED FRONT AGAINST "HEGEMONISTIC SUPERPOWERS." CON-SISTENT W/PRC "THREE WORLDS" THEORY, TENG SAID HE WELCOMED IMPROVING RELS W/SOUTH ASIAN COUNTRIES; LEDGED PRC SUPPORT TO AREA'S "JUST STRUGGLES TO SAFEGUARD NATIONAL INDEPENDENCE"/"STATE SOVEREIGNTY." AT 2/3 BANQUET GIVEN IN HIS HONOR, TENG ALSO SAID HE SAW AMONG SUBCONTINENT COUNTRIES "STRONGER DESIRE"/"DETERMINATION... TO OPPOSE HEGEMONIST CONTROL AND INTERFERENCE BY SUPER-POWERS" (SABHARWAL SUN KAMANDU ,/4; AP KATMANDU WSTAR, WP 2/4). BEFORE BANQUET, TENG CONFERRED ONE HOUR W/KING BIRENDRA. DURING VISIT, NEPAL WAS EXPECTED SEEK MORE PRC AID/OPENING OF TRADITIONALLY FORBIDDEN TIBET REGION TO INTL TOURISM/ESTABLISHMENT AIR ROUTE TO HK FOR ROYAL NRPAL AIRLINES (REUTER KATMANDU, NYT 2/4).

PRC AGREED DURING TENG VISIT TO SET UP SUGAR REFIN:RY/ PAPER MILL/CERAMICS FACTORY IN NEPAL, ACCORDING NEPALESE PM KITRINIDHI BISTA. BISTA SAID PRC TEAM WOULD VISIT NEPAL SOON TO STUDY LOCATIONS FOR PROJECTS/THAT BOTH COUNTRIES CONSIDERED VISIT "GREAT SUCCESS." BISTA SAID HE DID NOT DETECT ANY SIGNIFICANT SHIFT IN PRC FON POLICY DURING TALKS W/TENG; THAT CHINA EAGER DEVELOP BETTER RELS W/US/WEUROP /INDIA (REUTER KATMANDU, WP ,/5).

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AT CONCLUSION OFFICIAL TALKS W/NEPALESE, TENG TOLD REPORTERS PRC EAGER FOR CLOSER TIES W/INDIA. ON ISSUES WHICH NEPALESE WERE HOPING TO GET CHINESE SUPPORT, TENG DESCRIBED AS EITHER VAGUE OR SAID PRC WOULD STUDY MATTER (SABHARWAL SUN KATMANDU 2/5; AP KATMANDU NYT ,/5). AP PIX SHOWS TENG/KING BIRENDRA EXCHANGING TOAST AT 2/3 BANQUET (SUN 2/5).

ON 2/4, PRC FOR FIRST TIME OPENLY VOICED SUPPORT FOR EGYPT'S SADAT IN PEACE INITIATIVE TOWARD ISRAEL. NCNA SAID HUA JUO-FENG TOLD CAIRO'S SPECIAL ENVOY MOHAMMED HASSEN TOHAMI THAT EGYPT'S CALL FOR RECOVERY LOST ARAB TERRITORIES/SELF-DETERMINATION FOR PALESTINIANS WAS "JUST" STAND. NCNA ALSO QUOTED HUA AS SAYING "WE CONDEMN ISRAELI ZIONISM FOR ITS POLICY OF AGGRESSION, CONTROL AND EXPLOI-TATION" (REUTER PEKING WP, SUN 2/5).

AS PART MAJOR NEW EFFORT ATTRACT TOURISTS/FON EXCHANGE, PRC ANNOUNCED PLANS TO EASE RESTRICTIONS ON FON VISITORS/ BUILD MORE HOTELS/OPEN AREAS PREVIOUSLY CLOSED TO FOREIGNERS, INCLUDING COASTAL/RIVERSIDE RESORTS. NCNA REPORTED CONF ON TOURISM RECENTLY HELD IN PEKING/ATTENDED BY HUA KUO-FENG/LI HSIEN-NIEN. NCNA SAID LI ISSUED "IMPORTANT DIRECTIVE" AT MTG BUT FAILED GIVE DETAILS. APPARENTLY, NEW PROGRAM WILL ALLOW ORDINARY TOURISTS ACCESS TO CHINA.

MEANWHILE, SEVERAL TRAVEL AGENTS IN HK REPORTED TO BEGIN OFFERING CHEAP PKG TOURS TO CHINA, PROMISING TOURISTS VISAS AS PART OF BARGAIN. IN RELATED EFFORT TO EXPAND WEAK FON TRADE, PRC OFFICIALS ALSO REPORTED NEGOTIATING UNCLASSIFIED

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LONG-TERM TRADE AGREEMENTS W/JAPAN/EC (NYT HK SPEC 2/4; UPI HK, WP ,/4; CSM).

PRC/EC ,/3 INITIALLED FIRST TRADE AGREEMENT BETWN TWO GRANTING EACH MFN STATUS. EARLIER "TASS" CHARGED TALKS LEADING TO AGREEMENT "WERE BEING CONDUCTED IN AN ANTI-SOVIET SPIRIT" W/AIM OF INCREASING PRC ACCESS TO EUROPEAN TECHNOLOGY (BRUSSELS WSTAR 2/4).

HK'S MASS TRANSIT RAILWAY CORP REPORTED TO RENEGOTIATE 400-MIL-DOL STANDBY CREDIT AT LOWER INTEREST RATE TO HELP FINANCE BUILDING SUBWAY EXTENSION. MANUFACTURERS HANOVER LTD OF LONDON LED SYNDICATE OF INTL BANKS IN ARRANGING CREDIT.

ROC REPORTED TO BE DOING WELL DESPITE WORLD SLUMP IN SHIP-BUILDING. ACCORDING CS LIN, ROC COMMUNICATIONS MINISTER, SLUMP IS AFFORDING TAIWAN OPPORTUNITY BUILD UP OWN MERCHANT FLEET. AT PRESENT, ISLAND HAS ONLY ABOUT 160 SHIPS WHICH LAST YR CARRIED LESS THAN 25 PCT TAIWAN'S TRADE. ULTIMATE TARGET, LIN SAYS, IT IS TO BUILD FLEET LARGE ENOUGH HANDLE 40 PCT GENERAL CARGO/70 PCT BULK SHIPMENTS (WSJ, YING).

6. VIETNAM REFUGEES

ACCORDING WP'S DICKEY 2/5, VIET REFUGEE COMMUNITY IN US BEING CONFRONTED W/POLITICAL QUESTIONS/DISPUTES "MOST HAD HOPED WERE BEHIND THEM." QUOTES ONE REFUGEE THAT "EVERYWHERE THERE IS MUTUAL CONTEMPT, MUTUAL DISTRUST,

MUTUAL SUSPICION." SAYS SOME REFUGEES, LIKE LE VAN THONG, BEING VISITED BY FBI IN WAKE OF EVENTS THAT BEGAN W/ INDICTMENT TRUONG DINH HUNG/USIA'S RONALD HUMPHREY. SAYS MANY WORRY THAT INDICTMENTS COULD TRIGGER LONG-TERM

REPERCUSSIONS--BACKLASH AGAINST VIETS IN US. SOME
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XPRESS D

SURPRISE THAT RELATIVELY LEFT-WING ORGS, LIKE THOSE TROUPING
DINH HUNG AFFILIATED WITH, ALLOWED TO EXIST IN US. SAYS
MOST HAVE DIFFICULTY UNDERSTANDING JUST WHAT A "FREEDOM
COUNTRY," AS THEY PUT IT, IS.

JEWELS/GOLD VALUED IN EXCESS OF 40,000 DOL- FOUND IN SAFE
DEPOSIT BOXES OF VIET REFUGEE MOTHER CHARGED W/WELFARE
FRAUD IN SANTA CRUZ, CALIF. DA'S OFFICE TIPPED OFF WHEN
MRS THI LOI KEPHART PURCHASED NEW CAR/PAID FOR IT IN
CASH (UPI, WSTAR 2/4).

7. VIETNAM/ASEAN

RADIO HANOI PLAYED UP AN ARTICLE 2/5 FROM PRAVDA ACCUSING
US OF USING ASEAN FOR PLOTS/PROVOCATION. PRAVDA SAID US/
THAILAND TO BEGIN NAVAL MANEUVERS IN GULF OF SIAM "THUS
INTENSIFYING WASHINGTON'S PLOT BRING ASEAN IN TO THE US
ORBIT" (WP).

8. VIETNAM/CAMBODIA

ACCORDING NYT'S KAMM (BANGKOK), PP CONTINUES BROADCAST
REPORTS OF VIET INCURSIONS ACROSS CAMBODIAN BORDER/HAS NOT
RESPONDED TO HANOI'S 2/5 PROPOSAL OF IMMEDIATE CEASE-FIRE/
ESTABLISHMENT DEMILITARIZED ZONE EXTENDING ABOUT 3 MILES
ON EACH SIDE OF BORDER. IN FONMIN STATEMENT BROADCAST BY
RADIO HANOI, SRV SUGGESTED INTL SUPERVISION/GUARANTEES OF
SUCH AGREEMENT/CALLED FOR MTG W/CAMBODIA "AT ONCE."

JUDGING FROM STREAM ANGRY DENUNCIATIONS FROM PP, KAMM SAYS
APPEARS LITTLE CHANCE CAMBODIA WILL ACCEPT PROPOSAL.
SINCE HANOI ASSUMED AWARE OF THIS, SAYS IT'S POSSIBLE
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VIETS LAYING GROUNDWORK FOR RENEWED MIL ACTION AGAINST
CAMBODIA. SRV ENDED PROPOSAL W/APPEAL FOR FRIENDLY NATIONS/
INTL ORGS SUPPORT ITS INITIATIVES/MAK
"POSITIVE CONTRIBUTIONS" TO BRINGING ABOUT EARLY PEACE TALKS. KAMM SAYS IN
VIEW OF FACT ONLY PRC APPEARS HAVE ANY INFLUENCE ON
CAMBODIAN GOVT, BID FOR FON ROLE IN BILAT CONFLICT READ AS
"ADDRESSED PRINCIPALLY TO PEKING" (ALSO UP).

SOVI

T COMMUNIST PARTY YOUTH LEAGUE NEWSPAPER ACCUSES
CAMBODIA OF FULL RESPONSIBILITY FOR BORDER UAR IN ONE OF

SHARPEST SOVIET MEDIA ATTACKS SO FAR ON PP. PAPER'S HANOI CORRESPONDENT QUOTES CAMBODIAN SOLDIER THAT HE FOUGHT ONLY UNDER THREAT OF DEATH. ARTICLE ALSO QUOTED, FROM WHAT WERE SAID BE CAPTURED CAMBODIAN DOCS, THAT "TERRITORY OF CAMBODIA WILL EXTEND TO SAIGON" (WP).

9. CAMBODIA

WP'S ROLLO (GENEVA) REPORTS US INTENDS PROD UNHRC INTO ADDRESSING PROBLEM OF RIGHTS VIOLATIONS IN THIRD WORLD COUNTRIES/PLANS BE "MUCH MOR" VOCAL AND UPFRONT" ABOUT CAMBODIA/UGANDA/EQUATORIAL GUINEA. SAYS US WILL ALSO TAKE CLOSE LOOK AT PROGRESS IN IMPLEMENTING CONFIDENTIAL PROCEDURE SET UP BY COMMISSION FOR HANDLING OF RIGHTS VIOLATIONS.

10. LAOS

ACCORDING CSM'S SOUTHERLAND, SECY VANCE CONSIDERING APPROVAL OF SHIPMENT 10,000 TONS RICE TO LAOS AS HUMANITARIAN GESTURE TO HELP OVERCOME SEVER FOOD SHORTAGES-- MOVE WHICH "MIGHT IMPROVE RELS" W/THAT COUNTRY.

11. INDONESIA
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SEMI-OFFICIAL JAKARTA NEWSPAPER SURAR KARYA REPORTS INDO TROOPS HAVE FOUND ARMS/GRENADES AT 2 BANDUNG UNIVS (WP 2/4).

12. KOREA

CHAPMAN (WP 2/4) REPORTS DOJ'S QUESTIONING OF TONGSUN PARK IN SEOUL HAS PRODUCED EVIDENCE LIKELY RESULT IN INDICTMENT FORMER R PS PASSMAN/MINSHALL; AND PARK'S DETAIL"D TESTIMONY ALSO PRODUCED EVIDENCE AGAINST TWO OTHER FORMER EX-REPS: EDWARDS, NOW GOV LA/ GALLAGHER. SAYS EVIDENCE ON MORE THAN SCORE OTHER PRESENT/FORMER REPS REPORTED NOT TO AMOUNT TO CRIMINAL VIOLATIONS; HOW"VER, THESE NAMES/ TESTIMONY AGAINST THEM TO BE FURNISHED HOUSE/SENATE ETHICS CMTEs.

CONGRESSIONAL LEADERS REPORTED TO ASK DOJ FOR SECRET US INTELLIGENCE REPORTS CONSIDERED VITAL TO INVESTIGATION HOW MUCH EXECUTIVE BRANCH KNEW ABOUT SK LOBBYING CAMPAIGN IN CONGRESS. AG BELL HAS SO FAR REFUSED, ON GROUNDS REP DERWINSKI, RANKING MINORITY MEMBER HOUSE INTL ORGS SUBCMTE, LEAKED INFO TO ROKG. REP FRASER/SPKR O'NEILL/ OTHERS TO MEET W/BELL 2/7 IN ATTEMPT SETTLE MATTER (BABCOCK, WP ,/4).

EVIDENCE FROM CONGRESSIONAL INVESTIGATIONS OF SK LOBBYING
EFFORTS LIKELY LEAD TO CENSURE/POSSIBLY EXPULSION SOME
CURRENT MEMBERS CONGRESS, ACCORDING HOUSE ETHICS CMT

SPEC COUNSEL JAWORSKI. IN REMARKS MADE ON NBC/TV'S "MEET
THE PRESS" 2/5, JAWORSKI, ALSO INDICATED, IN ORDER
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CONCLUDE INVESTIGATION, WILL BE NECESSARY FOR HIS STAFF
QUESTION FORMER SK AMB KIM DONG JO. JAWORSKI CRITICIZED
DOS FOR SUPPORTING ROKG WHICH HAS BLOCKED QUESTIONING KIM
ON GROUNDS DIPLO IMMUNITY (SUN, NYDN, WSJ).

JAWORSKI ALSO URGED PRES CARTER INTERCEDE ON CMTE'S BEHALF
BY ORDERING DOS HELP IT OBTAIN KIM'S TESTIMONY. "IF THE
AMERICAN PEOPLE AND IF PRES CARTER AND IF THE DOS WILL
STAND UP AND HELP US, I THINK WE WILL SATISFY THE AMERICAN
PEOPLE WITH THIS INVESTIGATION," HE SAID. WH/DOS BOTH
DECLINED COMMENT ON JAWORSKI'S REMARKS (BROWN, WP).

IN SAME INTERVIEW, JAWORSKI REPORTED TO DIFFER W/DOJ,
INDICATED FEW CURRENT MEMBERS CONGRESS MIGHT BE VULNERABLE
TO CRIMINAL CHARGES ARISING FROM ETHICS CMTE INVESTIGATION
HOWEVER DOJ'S CIVILETTI RECENTLY SAID HE EXPECTED DOJ
OBTAIN 4 MORE

INDICTMENTS--BUT ALL AGAINST FORMER CONGRESS-
MEN. CIVILETTI SPECIFICALLY RULED OUT POSSIBILITY OF
INDICTMENTS AGAINST SITTING CONGRESSMEN. REASON FOR
DISCREPANCY NOT IMMEDIATELY CLEAR, ALTHO JAWORSKI HINTED
HIS STAFF HAD UNCOVERED ITEMS DOJ HAS NOT (HALLORAN, NYT).
BABCOCK (WP) DOES LENGTHY ARTICLE ON ROKG EFFORTS PRESSURE
US DEFENSE CONTRACTOR E-SYSTEMS IN '73 TO HELP PAY COSTS OF
TONGSUN PARK'S LOBBYING ACTIVITIES.

IN 4/11/73 LTR FROM KOREAN AMB-AT-LARGE YANG YOU CHAN SENT
TO FORMER DOD COUNSEL JOHN DAVIS, WHO FORWARDED IT TO
E-SYSTEMS, COMPANY TOLD THAT PARK HAD HELPED IT UNCON-
TRACT TO MAKE FIELD RADIOS FOR SK ARMY. OFFICERS OF E-
SYSTEMS SAID COMPANY REFUSED MAKE SUGGESTED PAYMENTS TO
PARK, ALTHO IT DID HIRE OTHER SK BUSINESSMEN FEW MONTHS
LATER. FEDERAL INVESTIGATORS HAVE FOUND SOME ONE MILLION
DOLS PAID SK CONSULTANTS LATER FUNNELED BACK TO SK EMB
OFFICIAL IN DC. MATTER UNDER INVESTIGATION BY SEC/DOJ/
CONGRESS.

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COMMENT AND ANALYSIS

13. JAPAN

IN WP'S FRONT-PG BUSINESS/FINANCE SECTION 2/5, ROWEN DETAILS STEP-BY-STEP US/JAPAN NEGOTS THAT LED TO STRAUSS/FUKUDA COMMUNIQUE LAST MONTH--WHICH ROWEN TERMS "PERHAPS THE MOST NOTEWORTHY ACHIEVEMENT OF THE CARTER ADMINISTRATION TO DATE." BEGINS W/DISCUSSION OF "NEAR MISS" OF ANY SETTLEMENT AS RESULT TOKYO TRIP RIVERS/HEGINBOTHAM TEAM LAST NOV. COMMENTS ON PESSIMISTIC PRESS COVERAGE OF THAT SESSION, WHICH CONVEYED "SENSE OF MOUNTAIN CRISIS." REMARKS EA'S HOLBROOKE, "TO MAKE SURE THAT THE U TACTICS WERE ON COURSE," CABLED MANSFIELD ASKING WHETHER US PRESSING JAPAN FOR THINGS WHICH COULDN'T BE DELIVERED. CREDIT GIVEN AMB FOR CORRECTLY ASSESSING SITUATION/SHAPING TONE FOR STRAUSS' EFFORTS LATER ON.

ROWEN GOES ON TO DESCRIBE EVENTS OCCURRING DURING DEP TRADE REP WOLFF'S TOKYO VISIT/USHIBA'S US TOUR. FINALLY, DETAIL STRAUSS' JAPAN TRIP/11TH HR MTG AT AMEMB--WHICH INCLUDED STRAUSS/WOLFF/HOLBROOKE/USHIBA/ECON PLANNING MIN MIYAZAWA--THAT FINALLY PRODUCED COMMUNIQUE ACCEPTABLE TO BOTH SIDES. ROWEN BELIEVES FUKUDA/MIYAZAWA HAVE STAKED POL FUTURES ON PROMISES MADE, AND "IF THEY DELIVER, CARTER CAN LAY CLAIM TO A MAJOR ECONOMIC AND FOREIGN POLICY SUCCESS."

JOC EDIT SAYS ITS TIME USG/BUSINESS/FINANCIAL COMMUNITIES "WIDEN THEIR FOCUS"/REALIZE "ONSLAUGHT OF IMPORTS" FROM JAPAN IS ONLY 1 FACTOR IN US' ECON PROBLEMS. WHILE UNCLASSIFIED

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NOTING OPPORTUNITIES FOR GROWTH INTL TRADE/BUSINESS/INVESTMENT IN NEXT SEVERAL DECADES "CERTAINLY INCLUDE JAPAN," SAYS OBSERVERS EXPECT EVEN GREATER ECON STRIDES IN PRC/SK/HK/ROC/ASEAN. QUOTES STATEMENTS FROM MANSFIELD/FORMER AMB HODGSON/MITSUI CHRMN/BANK OF TOKYO DIRECTOR THAT SUPPORT THIS OPINION.

IN ITEM ON INTL TRADE, NYT'S LEWIS (G:NEVA, 2/5) SAYS NAME "TOKYO ROUND" FOR CURRENT TRADE TALKS HOLDS SOME IRONY, AS "JAPAN'S DISRUPTIVE EXPORT THRUST" HAS HELPED

BRING ABOUT NEW PROTECTIONISM. DISCUSSES PROSPECTS FOR CURRENT ROUND GENEVA TALKS, CONCLUDING THAT WHILE NEGOTS CONTINUE, "THOSE IN THE EVERYDAY WORLD HAVE GONE ABOUT WITH THEIR OWN SOLUTIONS."

SALPUKAS (NYT 2/5) WRITES ARTICLE ON WORLD STEEL INDUSTRY. IN DISCUSSION, CITES SEVERAL STUDIES BY USG AGENCIES, INCL FTC/COUNCIL OF WAGE AND PRICE STABILITY, WHICH HAVE CHALLENGED US STEEL INDUSTRY'S ARGUMENTS THAT JAPAN DUMPING STEEL IN US. STUDIES ALSO ARGUE THAT PROTECTIONISM

WILL NOT SOLVE "FORMIDABLE CHALLENGE" JAPANESE INDUSTRY
POSES FOR WORLD INDUSTRY. STATES JAPAN WILL CONTINUE
SET PACE AS STEEL DEMAND RECOVERS, W/MOST OF REMAINING
INDUSTRIALIZED WORLD'S STEEL INDUSTRIES CONTINUING REACT T
JAPANESE LEAD.

NYT'S (MALCOLM (/5) PAINTS BLEAK PICTURE FOR JAPANESE
ECONOMY, CITING RECORD BANKRUPTCIES/SUBSTANTIAL
INVENTORIES/LARGE OVERCAPACITY. STATES THAT W/"FABLED
CONSERVATISM" JAPANESE CONSUMER IN TIMES ECON UNCERTAINTY,
FUKUDA'S POPULARITY LIKELY CONTINUE DECLINE. ALSO NOTES
CONGRESS HAS 36 PROTECTIONIST MEASURES BEFORE IT, AND AS
IT TAKES INCREASING ROLE IN FOPOL, BILAT TRADE OUTLOOK
SIMILARLY DIM.
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VINOCUR (NYT 2/5) SURVEYS AUTO INDUSTRY FUTURE. STATES
JAPAN LIKELY PUSH HARDER EVERYWHERE THIS YR, PARTICULARLY
IN FRANCE/FRG. QUOTES NISSAN SPOKESMAN THAT JAPAN ALREADY
SEEING RESULTS OF "INCREASINGLY SEVERE" COMPETITION FROM
US MFRS, WHICH MAY RESULT IN JAPAN CONSTRUCTING MORE US
PLANTS. NOTES UNDER PRESSURE FROM WASHINGTON, JAPAN HAS
CUT AUTO IMPORT TARIFFS TO ZERO, BUT INDUSTRY SOURCES
DON'T EXPECT ANY DRAMATIC FLOW US/EUR CARS TO JAPAN AS
RESULT.

WP EDIT ADVOCATES CARTER ADMIN POLICY ON MEANS CORRECT
TRADE DEFICIT--LEAVE IT ALONE, EVEN TO POINT OF ALLOWING
DOLLAR CONTINUE DEPRECIATE AGAINST OTHER CURRENCIES, SUCH
AS YEN/MARK. OPINES "CLEARLY BETTER" SUFF
R BIG TRADE
DEFICITS FOR PRESENT, EVEN THO PROCESS PROMISES "CREATE
RECURRING TENSIONS" BETWN US/ITS ALLIES.

14. PHILIPPINES

CSM'S MORITZ (HK) BELIEVES IF 4/2 PHILS ELECTION TO BE
"GENUINE TEST," MARCOS MUST 1ST CONVINCE HIS OPPONENTS
ELECTION WORTH CONTESTING/WILL NOT BE STACKED AGAINST
THEM. NOTES SO FAR, MARCOS HAS ASKED SPECIAL CMTE REVI"W
NEW ELECTION CODE/HAS ORDERED MIL STAY NEUTRAL IN RESPONSE
TO LIBERAL PARTY REQUEST MIL BE CONFINED TO BARRACKS DURIN
ELECTION.

15. AUSTRALIA

SUN (2/4)/WP (2/5) RUNS SHAW (SYDNEY SUN) ITEM ON AUSSIE
TV/PUBLISHING TYCOON KERRY PACKER'S CAMPAIGN "COMMERCIALIZ
CRICKET." CRITICS CONTEND PACKER STRIVING "AMERICANIZE"
GAME BY TURNING IT INTO BIG BUSINESS SIMILAR TO
PROFESSIONAL SPORTS IN US. NOTES PARK OF PACKER'S PLAN
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MAY BE IDEA OF TAKING HIS OWN CRICKET LEAGUE TO ANY COUNTRY W/BALL PARKS/COLOR TV--INCL US.

16. INDOCHINA

IN 1ST OF 2 WP ARTICLES FROM SEASIA (./5), SIMONS OBSERVES ANY FEARS WORLD MAY HAVE HAD OF UNITED COMMUNIST INDOCHINA TOPPLING SEASIA PRO-WESTERN GOVTS LIKE DOMINOES HAVE BEEN LAID TO REST ALONG VIET-CAMBODIAN BORD

R. SAYS FEDERATION

OF INDOCHINESE STATES--DR"AM OF HO CHI MINH--NOT TO BE. SEES NO IMMEDIATE SOLUTION TO BORDER CONFLICT--NOR DECISIVE CONCLUSION. QUOTES SPECIALISTS THAT FIGHTING LIKELY CONTINUE INDEFINITELY. CONTENTS FOR US, INDOCHINA HAS BECOME MINOR CURIOSITY--"NON-EVENT." QUOTES DOS OFFICIALS THAT "WE LOST INDOCHINA AND SO, NATURALLY, WE LOST INTEREST." REALIZING US "HAS TAKEN THE SEASIAN POT OFF THE STOVE," NOTES NONCOMMUNISTS IN REGION NOW BUILDING WORKING RELS W/THEIR NEIGHBORS (ACCOMPANIED BY MAP, PHOTO VIET WORKERS).

17. CHINA

WEINRAUB (NYT 2/5) OBSERVES CARTER ADMIN'S FAILURE REACH CONSENSUS ON WHETHER US SHOULD SELL PRC MIL-RELATED TECHNOLOGY; SAYS INDECISION ATTRIBUTED TO CONFLICTING DOD/DOS/ CIA/WH VIEWS. NOTES VANCE STATED ADMIN OPPOSES SALE OF WEAPONS TO CHINA, ALTHO CHINESE NEVER HAVE ASKED USG DIRECTLY FOR DEFENSE TECHNOLOGY. NOT S SUPPORTERS OF FULL RELS SAY SALE OF SUCH TECHNOLOGY WILL CEMENT US RELS W/ PEKING; INCREASE ITS DIPLOMATIC LEVERAGE W/MOSCOW. YET SOME CHINA POLICYMAKERS, WHO ARE SOVIET SPECIALISTS IN DOS/CIA, ARGUE OPPOSITE--THAT CLOSER LINKS W/PRC WOULD UPSET MOSCOW/IMPAIR DETENTE. COMPOUNDING THIS INDECISION, WEINRAUB SAYS, IS CONFUSION W/IN VARIOUS AGENCIES ABOUT WHAT CHINESE UP TO. ALSO NOTES OBVIOUS REASON WHY PRC UNCLASSIFIED

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POLICY RELEGATED TO "BACK BURNER" OF ADMIN FON POLICY PRIORITIES IS IMMEDIATE PROBLEMS ASSOCIATED W/PANAMA CANAL TREATIES/SALT/SK TROOP W/DRAWAL.

BUTTERFIELD (NYT 2/5) NOTES FURTHER EVIDENCE PRC SHIFTING AWAY FROM MAOIST EMPHASIS ON CONSTANT CLASS STRUGGLE TOWARD MORE PRAGMATIC POLICY SEEN BY FACTS RADIO PEKING NEWSCASTERS NOW SIGN OFF BY GIVING THEIR NAMES/APPEARANCE OF BYLINES IN NCNA ARTICLES. SAYS MAO'S SUCCESSORS MOVED RAPIDLY TO DISMANTLE SOME OF CR'S POPULIST REFORMS IN EDUCATION/INDUSTRY/SCIENCE/ETC. NOW, "EXPERTISE, QUALITY AND DISCIPLINE ARE BACK IN FASHION, WITH LESS WORRY ABOUT THE DANGERS OF CREATING A NEW ELITE." YET NEW LEADERS STILL NEED MAO IMPRIMATUR TO BACK UP OWN LEGITI-

MACY, SO THESE CHANGES NOT OPENLY PROCLAIMED. INSTEAD, BUTTERFIELD SAYS, THEY ARE DISGUISED AS "CONTINUITY" FURTHER ADVANCE ALONG MAO'S TRUE PATH OR RETURN TO POLICIES OF EARLY 50S BEFORE FACTIONAL QUARRELS OF GLF/CR. SAYS WHETHER THESE POLICIES WILL HELP CHINA CORRECT DIFFICULTIES UNCLEAR. NOTES, EVEN WHILE LEADERS APPARENTLY IN AGREEMENT ON NEW POLICIES, THEY STILL SEEM DRIVEN BY PERSONAL GRUDGES/RIVALRY. NOTES TENSION BETWEEN TENG/HUA FOLLOWERS.

BUTTERFIELD (NYT 2/4) OBSERVES PRC MIL COMMANDERS APPEAR DEBATING AGAIN HOW CHINA SHOULD MODERNIZE ARMED FORCES. RECENT SERIES OF ARTICLES OFFERS WHAT IS DESCRIBED AS OPPOSING VIEWS. SOME ARGUE FOR DEVELOPMENT MODERN WEAPONS/OTHERS SAY PLA MUST TEMPORARILY MAKE DO WITH WHAT IT NOW HAS SO RESOURCES CAN BE FUNNELED TO OVERALL ECON MODERNIZATION EFFORTS. SAYS, ACCORDING TO ANALYSTS, LATTER VIEW IS ONE HELD BY POLITBURO, WHILE FORMER REPRESENTS UNCLASSIFIED

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THINKING OF MIL OFFICERS INVOLVED IN DEFENSE PLANNING.

CSM'S WILLIS (MOSCOW) DOES ITEM ON USSR CONCERN FOR WHAT SEEN AS PRC "ANTI-SOVIET MANEUVERING." REMARKS 3 MAJOR MOSCOW EDITS HAVE PORTRAYED PEKING AS BELIEVING IN INEVITABLE WWII/BUYING ARMS FROM US/France/FRG. W ANALYSTS IN MOSCOW DATE CURRENT CONCERN SINCE MID-DEC, W/LEVEL SOV RHETORIC NOW FULLY BACK TO PITCH REACHED WHEN MAO ALIVE. URGE US MUST RESIST TEMPTATION SELL PRC ARMS, FOR TO DO SO WOULD UNDOUBTEDLY PROVOKE KREMLIN REACTION/WORSEN US-USSR DETENTE. WILLIS COMMENTS ON SOV'S PARTICULAR ANNOYANCE AT PEKING'S SUPPORT OF SADAT PEACE INITIATIVE/PRC'S CLAIM BE TRUE FRIEND OF ARAB WORLD.

NYT'S BUTTERFIELD (HK 2/5) SEES PRC WAGE INCREASES AS DRAMATIZING CHINESE LEADERSHIP'S DETERMINATION SPEED PRC'S EMERGENCE AS POWERFUL, INDUSTRIALIZED NATION. CHINA-WATCHERS SAY THIS YR'S ECON OUTLOOK GOOD--ESPECIALLY IN VIEW CONTINUED POL STABILITY/MORE WORKER DISCIPLINE/BETTER MANAGEMENT/HIGHER PRODUCTION/TIGHTER ACCOUNTING PRACTICES. REMARKS SUCH POLICIES WOULD HAVE BEEN LABELED CAPITALISM ONLY YR AGO. QUOTES AMCIT WHO VISITED PRC LAST YR W/ NCUSC THAT ATMOSPHERE HAD CHANGED FROM EARLIER YRS/ CHINESE "POLITE AND INQUISITIVE ABOUT OUR METHODS AND NEEDS, AND TOOK US WHERE WE WANTED TO GO."

BUTTERFIELD CITES PRC DEPENDENCE ON HK FOR HARD CURRENCY, BUT NOTES "UNUSUAL PUBLIC STATEMENT" BY SENIOR CHINESE LAST FALL TO HK BUSINESS DELEGATION THAT PRC WOULD NOT TRY TAKE COLONY BACK UNTIL TAIWAN "LIBERATED."

YING (NYT TAIPEI 2/5) WRITES ON TAIWAN'S EAGERNESS PLUNGE
INTO COLOR TV MKT. REMARKS TAIWAN FIRM, "UNITED
ELECTRONICS," PLANS TRIPLE TV SALES FROM SETS LAST YR/
CAPITALIZE ON MKT OPPORTUNITY CREATED BY US RESTRICTIONS ON
JAPANESE TV IMPORTS. CITES ROC'S HEADWAY IN ELECTRONICS,
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NOTING US FIRMS ALONE HAVE INVESTED MORE THAN 280 MIL DOLS
IN TAIWAN, WHILE JAPANESE HAVE INVESTED SOME 110 MIL DOLS.
COMMENTS THAT ELECTRONICS INDUSTRY HAS BEEN CHOSEN AS GROCS
MAIN VEHICLE FOR UPGRADING TAIWAN'S
CON STRUCTURE FROM
LABOR-INTENSIVE TO MORE TECHNOLOGY-ORIENTED, W/INDUSTRY
EXPECTED SURPASS TEXTILE INDUSTRY AS NATION'S TOP
EXPORTER 0Y 1980. VANCE

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